



UNISA
UNIVERSITY OF SOUTH AFRICA

ACN101-M

May/June 2005

ACCOUNTING 101

Duration : 2 Hours

100 Marks

EXAMINERS :

FIRST :

PROF JJ SWANEVELDER
MS HJ VAN ZYL
MR A VISAGIE

MR MJ VILJOEN
MISS A DU PLESSIS
DR AJ BAM

SECOND :

PROF JS JANSEN VAN RENSBURG

Use of a non-programmable pocket calculator permissible.

This paper consists of 8 pages.

PLEASE NOTE:

1. Ensure that you are writing the correct examination paper.
2. Ensure that you are handed the correct examination answer book (BLUE) by the invigilator.
3. All questions must be answered.
4. Basic calculations, where applicable, must be shown.
5. Each question must be commenced on a new (separate) page.
6. Please do not answer the paper in pencil.
7. You must obtain at least 50% to pass this paper.

PROPOSED TIME TABLE
(try not to deviate from this)

Question	Subject	Marks	Time in minutes
1	Bank account and reconciliation statement	20	24
2	Note on property, plant and equipment; vehicle realisation account	23	28
3	Statement of changes in equity and balance sheet	30	36
4	Multiple choice questions (9 questions)	27	32
	TOTAL	100	120

[TURN OVER]

QUESTION 1 (20 marks) (24 minutes)**Commence this question on a new (separate) page.**Basic calculations, where applicable, must be shown.

When comparing the cash journals of Disu Trading for April 2005 with the bank statement for the same month, the following was ascertained:

R

1	Credit balance of the bank account in the general ledger at 1 April 2005	32 000
2	Credit balance per bank statement at 30 April 2005	61 610
3	Provisional (pencil) totals of the cash journals at 30 April 2005:	
	Cash receipts journal	424 320
	Cash payments journal	317 280
4	Items appearing in the cash journals but not on the bank statement:	
	A deposit made on 30 April 2005	32 320
	Cheque No 489 dated 29 April 2005 for cash purchases	18 000
5	Items appearing on the bank statement but not in the cash journals:	
	Bank charges	1 400
	Interest on bank overdraft	600
	A direct deposit made by a debtor, D Don	12 000
	A cheque received from P Pick, a debtor, returned by the bank and marked "R/D"	3 600
	A stop order in favour of Clayville Properties (for rent)	7 000
6	A cheque incorrectly debited to Disu Trading's bank account.	760
7	Item appearing in the bank reconciliation statement at 31 March 2005, but not on the April 2005 bank statement:	
	Cheque No 173, issued on 15 October 2004 to creditor P Prins	1 980
8	A cheque for R360, issued during April for purchases, was entered in the cash payments journal as R630. This error must still be corrected.	

REQUIRED:

- 1.1 Complete only the bank columns of the cash journals of Disu Trading for April 2005. (10)
- 1.2 Prepare the bank account, in the general ledger of Disu Trading, properly balanced for 30 April 2005. Show all the calculations. (4)
- 1.3 Prepare the bank reconciliation statement of Disu Trading at 30 April 2005. Commence with the balance as per bank statement. (6)

[20]**[TURN OVER]**

QUESTION 2 (23 marks) (28 minutes)**Commence this question on a new (separate) page.**Basic calculations, where applicable, must be shown.

The following are balances obtained from the general ledger of Lucy's Store at 30 April 2005, the end of their financial year:

	R
Capital	660 000
Vehicles at cost (30 April 2004)	320 000
Machinery at cost (30 April 2004)	400 000
Accumulated depreciation on vehicles (30 April 2004)	80 000
Accumulated depreciation on machinery (30 April 2004)	76 000
Debtors	68 000
Creditors	100 000
Inventory	30 000
Bank (Dr)	98 000

Additional information:

- (a) On 31 December 2004 a vehicle, bought on 1 July 2002 for R60 000, was sold for R48 000.
- (b) On 1 March 2005 Lucy's Store purchased a new machine. The following information pertains to the new machine.

	R
Purchase price	100 000
Installation cost	4 000
Transport cost	16 000

- (c) Depreciation must be provided for as follows:
 Vehicles - 25% per annum according to the straight line method.
 Machinery - 10% per annum according to the diminished balance method.

REQUIRED:

- 2.1 Prepare the vehicle realisation account in the general ledger of Lucy's Store. (2)
- 2.2 Prepare the note on property, plant and equipment to the financial statements of Lucy's Store, at 30 April 2005 in accordance with Generally Accepted Accounting Practice. (21)

[23]

Handwritten calculations:

329200

335200

108600

362640

78950

42600

126200

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QUESTION 3 (30 marks) (36 minutes)

Commence this question on a new (separate) page.
Basic calculations, where applicable, must be shown.

The following information relates to Odd Clothes:

1. Trial balance at 31 March 2005:

	R
Capital (1 April 2004)	600 000
Drawings	72 000
Petty cash	2 000
Bank (favourable)	62 000
Investment (10% fixed deposit at Hand Bank)	280 000
Inventory: Consumables	12 000
Merchandise	56 000
Vehicles at cost	600 000
Equipment at cost	80 000
Accumulated depreciation: Vehicles	240 000
Equipment	8 000
Debtors control	18 000
Creditors control	14 000
Sales	960 000
Cost of sales	480 000
Administrative and general expenses	160 000

2. Additional information:

- Included in sales is an amount of R20 000, received on 31 March 2005, being a deposit on an order to be completed during the next financial year.
- The electricity account for the owner of R2 400 for March 2005 was paid by business cheque and must still be recorded.
- The investment was made on 1 July 2004. The interest must still be recorded.
- Cash to the amount of R15 000 was invested in the business on 31 March 2005. This must still be recorded in the books.

REQUIRED:

Using the above information (**NB:** Notes to the financial statements are **not** required.):

- 3.1 Calculate the net profit/loss of Odd Clothes for the year ended 31 March 2005. (6)
- 3.2 Prepare the statement of changes in equity of Odd Clothes for the year ended 31 March 2005 in accordance with Generally Accepted Accounting Practice. (6)
- 3.3 Prepare the balance sheet of Odd Clothes at 31 March 2005 in accordance with Generally Accepted Accounting Practice. (18)

[30]

295000

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QUESTION 4 (27 marks) (32 minutes)

Commence this question on a new (separate) page.

Each question has only one correct answer and all questions are of equal value.

DO NOT USE A MARK READING SHEET TO ANSWER THIS QUESTION.

Write each question number below one another in your answer book. Indicate your option next to each question number, with a CAPITAL letter. For example:

1. D
2. A etc.

Do your calculations on the page opposite to your answers. No marks are given for calculations.

1. The financial year of Toy-Toy Traders ends on 31 March. The balance on the discount allowed account on 31 March 2005 was R2 500.

Which one of the following alternatives, represents the correct closing journal entry for the discount allowed account of Toy-Toy Traders?

			Dr	Cr
A	Mar 31	Trading account Discount allowed	2 500	2 500
B	Mar 31	Discount allowed Trading account	2 500	2 500
C	Mar 31	Discount allowed Profit and loss account	2 500	2 500
D	Mar 31	Profit and loss account Discount allowed	2 500	2 500

2. T Smit, the owner of Smitty's Cycles took goods with a selling price of R3 000 for his own use. Selling prices are determined by a mark-up of 25% on cost price. The perpetual inventory system is in use.

Which one of the following alternatives represents the general ledger accounts as well as the effect of the transaction on the accounting equation of Smitty's Cycles?

	General ledger accounts		Accounting equation		
	Debit	Credit	A	=	L + E
A	Drawings	Purchases			+ 2 250 - 2 250
B	Drawings	Inventory	- 2 400		- 2 400
C	Drawings	Sales	+ 3 000		+ 3 000
D	Drawings	Inventory	- 2 250		- 2 250

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3. The following information relates to the 2004/2005 financial year of HAV Carpets:

	R
Sales	400 000
Purchases	155 000
Inventory on hand at 30 April 2004	8 000
Inventory on hand at 30 April 2005	18 000
Carriage on sales	10 000
Railage on purchases	5 000

Which one of the following alternatives represents the gross profit percentage on sales for the year ended 30 April 2005?

- A. 60,00%
 B. 62,00%
 C. 63,75%
 D. 62,50%
4. The following information was taken from the books of Midway Traders at 31 March 2005 before any adjustments or closing entries had been made:

	R
Trade debtors (31 March 2005)	18 000 - 500,13000
Provision for bad debts (balance at 1 April 2004)	1 000
Bad debts written off during the year	600

Additional information:

An amount of R500 must still be written off as irrecoverable. The provision for bad debts must be maintained at 5% of outstanding debtors.

Which one of the following amounts must be disclosed as bad debts in the income statement of Midway Traders for the year ended 31 March 2005?

- A R1 100
 B R1 000
 C R 975
 D R 845

BAD ✓
600 ✓ P. ---

5. Joy Traders, not registered as a VAT vendor, who uses the periodic inventory system, sold goods worth R2 300 on credit to Pearce Ltd.

Which one of the following alternatives represents the correct effect on the basic accounting equation of Joy Traders?

	Assets	Equity	Liabilities
A	- 2 300	0	- 2 300
B	+ 2 300	0	+ 2 300
C	0	- 2 300	+ 2 300
D	+ 2 300	+ 2 300	0

6. Macro Bond leases one of its offices to Gau Cell. The following information appeared in the rent income account in the general ledger of Macro Bond on 30 April 2005, the end of their financial year:

		R
1 May 2004:	Accrued income	2 880
30 April 2005:	Accrued income	4 320
	Profit and loss account	34 560

Which one of the following amounts represents the actual amount received during the year in respect of rent income?

- A R33 120
B R34 560
C R36 000
D R38 880

7. Alfred Ltd's list of individual debtors' balances, which totalled R10 440, did not agree with the debtors control account at the end of March 2005. Upon investigation, the following errors were discovered:

- (a) The list of debtors' balances had been undercast by R150. *10 440 + 150 = 10 590*
(b) Goods to the value of R60, bought by client Jim Jones, was inadvertently debited to Jim James's account.
(c) Sales invoice number 120 for R290 which was entered correctly in the sales journal, was entered as R920 in N Nina's account.

Which one of the following alternatives represents the correct debit balance brought down on the debtors control account of Alfred Ltd at 31 March 2005?

- A R11 220
B R10 020
C R 9 960
D R 9 660

8. On 24 March 2005, R Scott purchased merchandise on credit from Man Ltd for R2 228, 14% VAT inclusive. The amount is subject to a discount of R228 if settled within 30 days.

Which one of the following alternatives represents the correct analysis of the entry in the cash receipts journal of Man Ltd if R Scott settled his account on 12 April 2005?

	Date	Debtors	Discount allowed	VAT Output		Bank
				Dr	Cr	
		R	R	R	R	R
A	Apr 12	2 228	200	28		2 000
B	Apr 12	2 228	200		28	2 000
C	Apr 12	2 000	200	28		2 228
D	Apr 12	2 000	200		28	2 228

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9. The membership fee of the Clayville Club was R150 for 2003 and R180 for 2004 per member per annum. On 1 January 2004, the beginning of the financial year of the Club, the membership fees of 5 members were received in advance (at the new rate for membership fees) and that of 8 members were still outstanding for 2003.

During 2004 membership fees received amounted to R21 720, including R1 200 in respect of 2003 and R1 080 in respect of 2005. The membership fees of 7 members were still outstanding on 31 December 2004.

Which one of the following amounts represents the amount that was credited to the income and expenditure account of the club on 31 December 2004 in respect of membership fees?

- A R21 450
- B R21 600
- C R21 720
- D R21 840